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The Soviet Union, despite the considerable difficulties that would be encountered in transporting Iranian oil by tanker or by rail, could utilize Abadan's output for its own economic development. The Iranian petroleum products which the Soviet Union could obtain would have sufficient economic significance to the USSR to justify overcoming the initial difficulties that would be encountered. (SEE MAP)

WORLD COMMUNISM: IMPLICATIONS OF THE COMING WORLD PEACE COUNCIL MEETING . . . . . Page 8

The Communist World Peace Council is scheduled to hold its second full meeting in Vienna 1-5 November, on the eve of the UN General Assembly meeting in Paris. It seems likely that one of the chief acts of the Vienna meeting will be to dispatch a delegation to the UN protesting "Anglo-American domination" of the UN and demanding reconsideration of Russian schemes for atomic disarmament.

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Explanation of charts, on pages 11 and 12.

## THE SOVIET WORLD

As the West's position in the Near East continues to deteriorate, the USSR's official attitude remains cautious and correct. Radio Moscow, however, has been quick to point out Russia's defense "once again" of the Iranian people by opposing discussion of the oil issue in the Security Council; it implied, furthermore, that similar support would be forthcoming for Egyptian demands against Great Britain and for any move by Iraq to nationalize its oilfields.

The rejection by the USSR of Western proposals for revision of the Italian Peace Treaty was in line with other attempted obstructions of Western solutions for problems affecting the ex-enemy countries. The Soviet note attempted to establish, probably for the effect in Italy itself, that Italian participation in NATO is a main obstacle to Russian agreement to satisfaction of Italian national aspirations. As a further condition for agreement, the USSR demanded similar revisions of the limitations imposed upon the Satellites by their peace treaties. In fact the strength of the Hungarian, Bulgarian, and Rumanian armies, estimated at 495,000, is already double that permitted by their treaties.

The tremendous publicity conventionally given by radio Moscow to Stalin pronouncements has also been accorded his latest Pravda interview on the atomic bomb. Since Stalin's interview, Soviet propaganda has attempted to bolster Communist confidence in Soviet strength by emphasizing the significance of the atom test. At the same time, it has continued to stress the peaceful desires of the USSR as illustrated by the repeated demands for the outlawing of atomic weapons.

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The Hungarian second "peace loan" drive has been concluded with Hungarian workers oversubscribing, despite the fact that this year's goal was more than a third greater than last year's. The purpose of the bond drive was anti-inflationary -- to absorb excess purchasing power at a time when the government is concentrating on capital goods and export production at the expense of consumer goods.

Although an intensive drive is underway in Hungary to increase the number of cooperative farms, the government is apparently unprepared to undertake full scale collectivization this fall. A recent decree extending until spring the period for kulaks to surrender their hogs indicates that the government is not yet ready to liquidate this class.

Meanwhile in Rumania numerous fires have broken out in the ripening grain fields. Militia and control agents have been ordered to apprehend and try all those responsible for fires in their areas. While some of the fires may be attributable to peasant sabotage, the majority appear to be caused through negligence.

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According to Marshal Tito 98 espionage centers have been established in the Cominform countries (including 35 in the USSR and 12 in Czechoslovakia), whose function is to send "diversionists hourly across the borders into Yugoslavia." He also asserts that some 2,000 Yugoslav citizens and 8,000 "White Guardists" have been employed as Cominform agents in Yugoslavia. There is evidence that the Yugoslav Government has disposed of many of these agents by deporting them to Bulgaria.

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## THE POTENTIAL IMPORTANCE OF IRANIAN OIL TO THE SOVIET UNION

A consideration of the potential value of Iranian oil to the Soviet Union, including the extent to which the USSR could operate the installations, transport the product and augment its oil supplies, is necessary to determine what future effort the USSR might make to gain control of Iranian oil production.

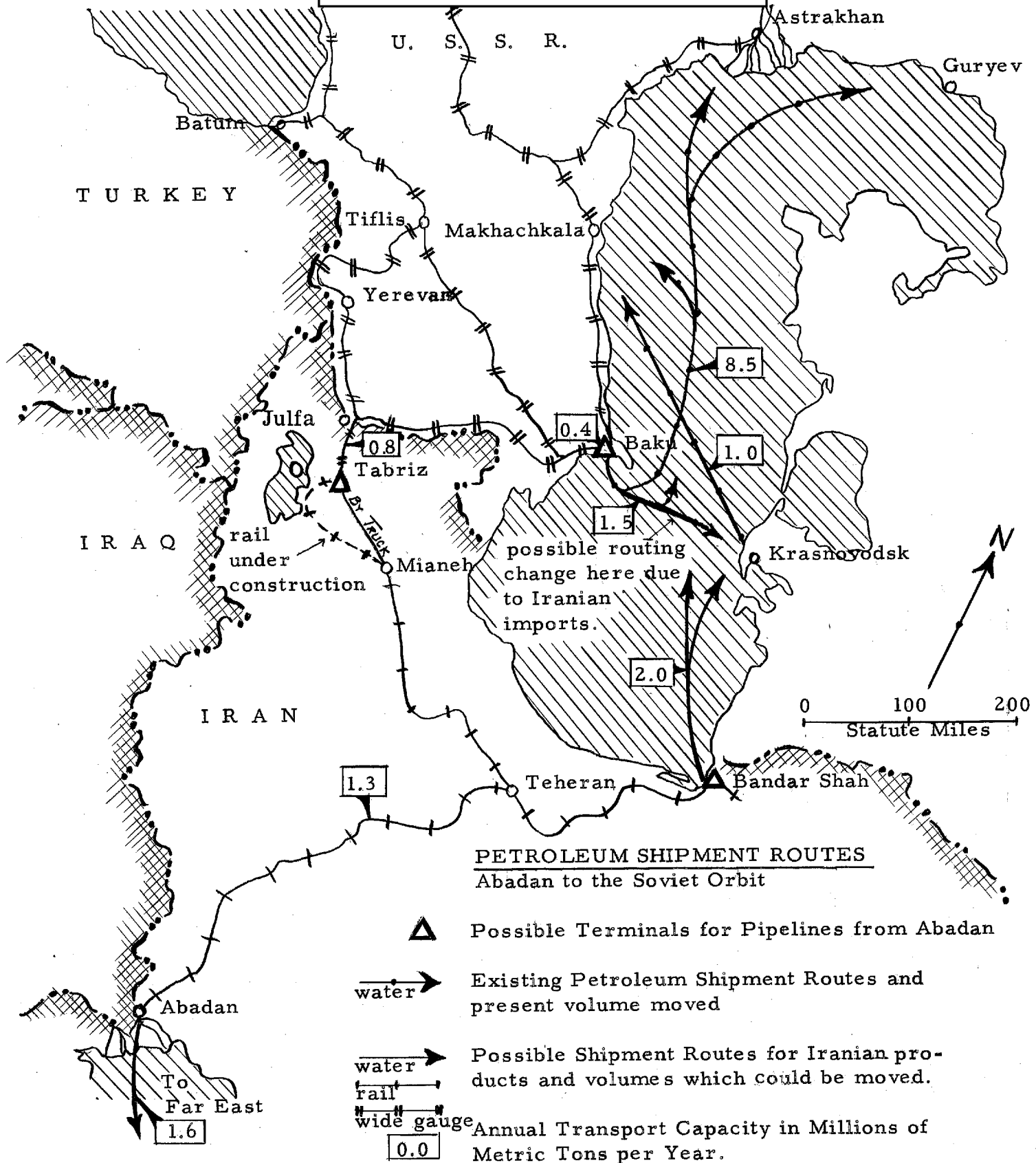
With the expulsion of British personnel from Abadan and the Iranian Premier's statement in the UN Security Council virtually closing the door on any further discussions with the British, the danger has increased that Iran may consider assistance from the Soviet bloc rather than submit to Western economic and diplomatic pressure. Several recent reports suggest that Poland and Czechoslovakia are negotiating trade agreements with Iran and that the Soviet Union has offered to provide oil technicians and essential goods to replace vital British imports. The Soviet Ambassador to Iran, Sadchikov, is rumored to have made direct overtures on the subject to Premier Mossadeq.

In order to assess the importance of Iranian oil to the Soviet Orbit, it should be assumed that the USSR may obtain complete access to Iranian oil resources, oil installations, and transport, and that the USSR would then give a high priority to the exploitation of these resources. Moreover, it should be assumed that the Soviet Union and Iran would not have access to tankers or technicians controlled by Britain and the United States, and that the West would not hinder Soviet-Satellite tanker traffic.

Having attained access to Iran's oil resources, it would undoubtedly take the USSR some time to return the Abadan refinery to operation, assemble the necessary additional tankers and railroad equipment, improve the Iranian railroad system and reactivate the port of Bandar Shah.

[redacted] up to nine months might be required for technicians not experienced with the plant. Abadan's storage tanks, however, are filled to near capacity, and could be drawn upon during a transition period as means of transportation became available.

The potential value of Iranian oil products in meeting increasing



Soviet requirements is indicated by an estimate that during the first year after the necessary improvement of transport facilities had been accomplished, the Soviet Orbit would be able to import approximately 2.9 million metric tons of oil. The volume of imports could be increased after a time, depending upon further expansion of transport facilities.

The transport situation, however, would limit seriously the amount of Iranian oil products which the Soviet Union could obtain in the near future. The total of tankers available to the USSR for moving Iranian oil has been estimated at between 20 and 25 T-2 equivalents\*, enough to transport approximately 1.6 million tons of oil to the Soviet Far East and Communist China and to relieve the over-burdened Trans-Siberian railroad of ten percent of its West to East traffic. This quantity is that part of the estimated annual requirement of the Soviet Far East and Communist China which cannot be supplied locally. Included in the estimate of Soviet tanker capacity are the five to seven T-2 equivalent tankers now operating in the Soviet Far East. These tankers could be released from the Vladivostok to Dairen and Communist China runs, since oil could be shipped far more economically directly by tanker from Abadan.

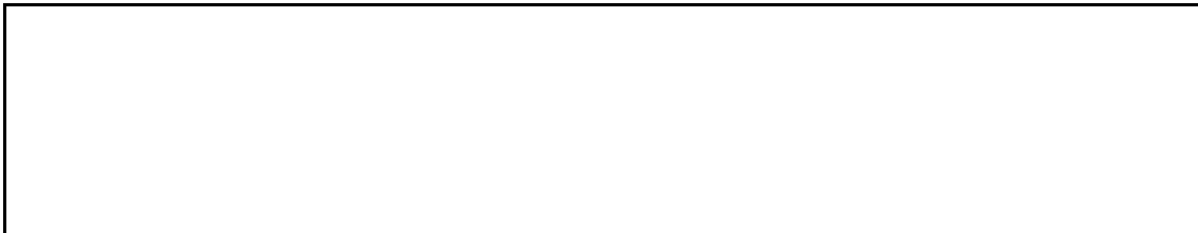
If the Abadan-Tehran-Bandar Shah railroad were operated at capacity, the USSR would probably be able to ship approximately 1.3 million tons of oil products from Abadan to the Iranian port of Bandar Shah on the Caspian Sea and thence by tanker to any of the Caspian Sea ports. While the Caspian Fleet could adequately handle more than that amount of oil, the railroad would require a large amount of extra rolling stock to bring it to operating capacity. Approximately 3,000 sixteen-ton tank cars and 150 locomotives could be supplied for this purpose by the Satellites or the USSR, without seriously depleting their present rolling stock or presenting insurmountable shipping problems. It is estimated that the necessary additional operating personnel for the railroad could also be provided, and that the reactivation of the port of Bandar Shah could be accomplished within three to six months.

Another factor for consideration is the ability of the USSR to assist Iran in operating the complex Abadan refinery. It is estimated that the Soviet Orbit could supply the technicians and materials required to operate the refinery at the level for production of 2.9 million metric tons of oil products per year, an amount equivalent to 12 percent of the 1950 production of the Abadan refinery. About 200 highly skilled and thoroughly experienced technicians would probably be necessary to

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\*A T-2 tanker has a capacity of 15,000 tons and a speed of 14.5 knots. Most tankers available to the Soviet Orbit are smaller and slower than T-2's.

operate the refinery at this level.



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With Soviet assistance, Iran could succeed in operating its oil industry, and remain solvent after a transition period, despite the estimated low level of exports to the Soviet Orbit. While the Soviet Union would attempt to barter consumer and industrial goods in payment for the oil, the amount of goods and cash income accruing to the Iranian national income would be roughly equivalent to the income which Iran received from the AIOC operation of the Abadan refinery during 1950.

The Iranian petroleum products which the Soviet Union could obtain would have sufficient economic significance to the USSR to justify overcoming the initial difficulties that would be encountered.



## WORLD COMMUNISM: IMPLICATIONS OF THE COMING WORLD PEACE COUNCIL MEETING

The Communist World Peace Council is scheduled to hold its second full meeting in Vienna 1-5 November, on the eve of the UN General Assembly meeting at Paris. The timing suggests that the Council will repeat its tactic of passing resolutions for presentation to the UN reflecting Soviet foreign policy objectives and the recent activities of the World Peace Partisans.

The Council, which consists of representatives from over eighty Soviet-sponsored national peace committees, will undoubtedly survey the results of the program it planned at its first meeting in February 1951 at Berlin. This will include a report on the world-wide drive for signatures for a Five Power Peace Pact. Demands for such a pact will probably be renewed at the meeting and may be incorporated in a resolution addressed to the General Assembly. Based on an alleged 500 million signatures, the demands would give Soviet spokesmen at the UN an opportunity to revive the twice-proposed Five Power Pact with new claims of world-wide backing.

Stalin's Pravda interview on the Soviet atomic bomb indicates that WPC resolutions will probably incorporate a new demand for a Russian version of international control of atomic energy and prohibition of atomic weapons, possibly as part of a general disarmament scheme. Recent Soviet propaganda suggests that the Council will also protest the rearmament of Germany, Japan and Austria as part of general Western "aggressive" policies, demand an early German peace treaty, and make proposals for increased East-West trade.

It seems likely that one of the chief acts of the Vienna meeting will be the designation of delegates who will try to appear at the General Assembly session armed with the WPC's old demands and any other resolutions adopted in Vienna. This would be in line with the action of the Berlin meeting, which had passed a resolution protesting against UN policies, particularly UN "intervention" in Korea, and named a protest delegation to go to the UN headquarters in New York. UN Secretary General Trygve Lie intentionally avoided meeting this group. The mission of such delegations is to dramatize Soviet assertions at the UN that the policies of the USSR are backed by a majority of the world's people.

The United Nations has never taken official cognizance of the World Peace Council. Organized at the Warsaw Peace Congress in the fall of 1950, the Council claims to be more truly representative of the world's people than the "Western-dominated UN." Communist China is among its members. Tito's Yugoslavia is not.

Soviet propaganda has given the impression from time to time that

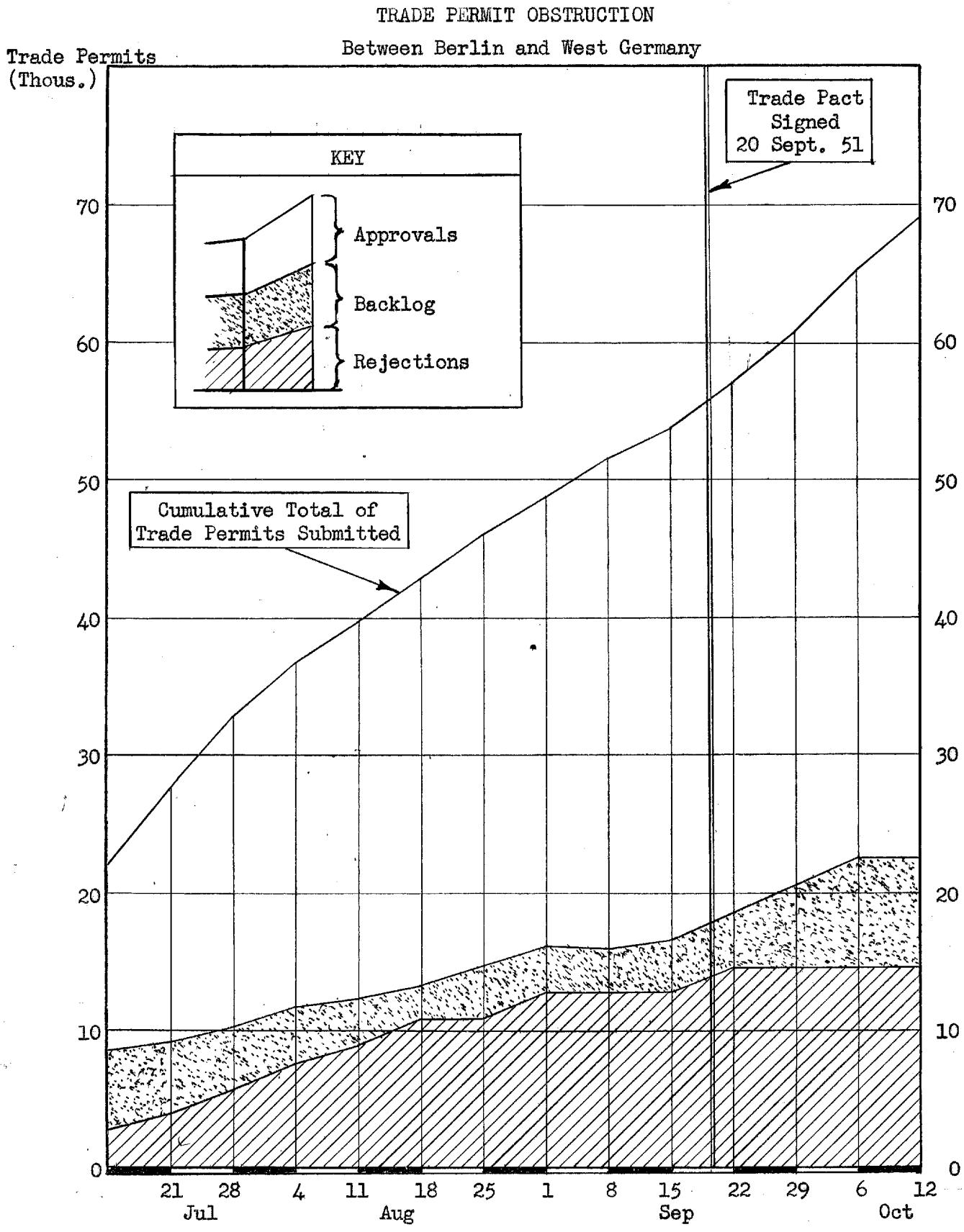
the Council was being developed as a rival to the UN, should the Soviet bloc continue to fail in its efforts to bring about UN policies more favorable to its interests. Satellite Communists have even spoken of the WPC's replacing the UN. However, the USSR has never officially acknowledged such intentions, and it appears that the WPC will continue to serve primarily as a pressure group and a propaganda tool.

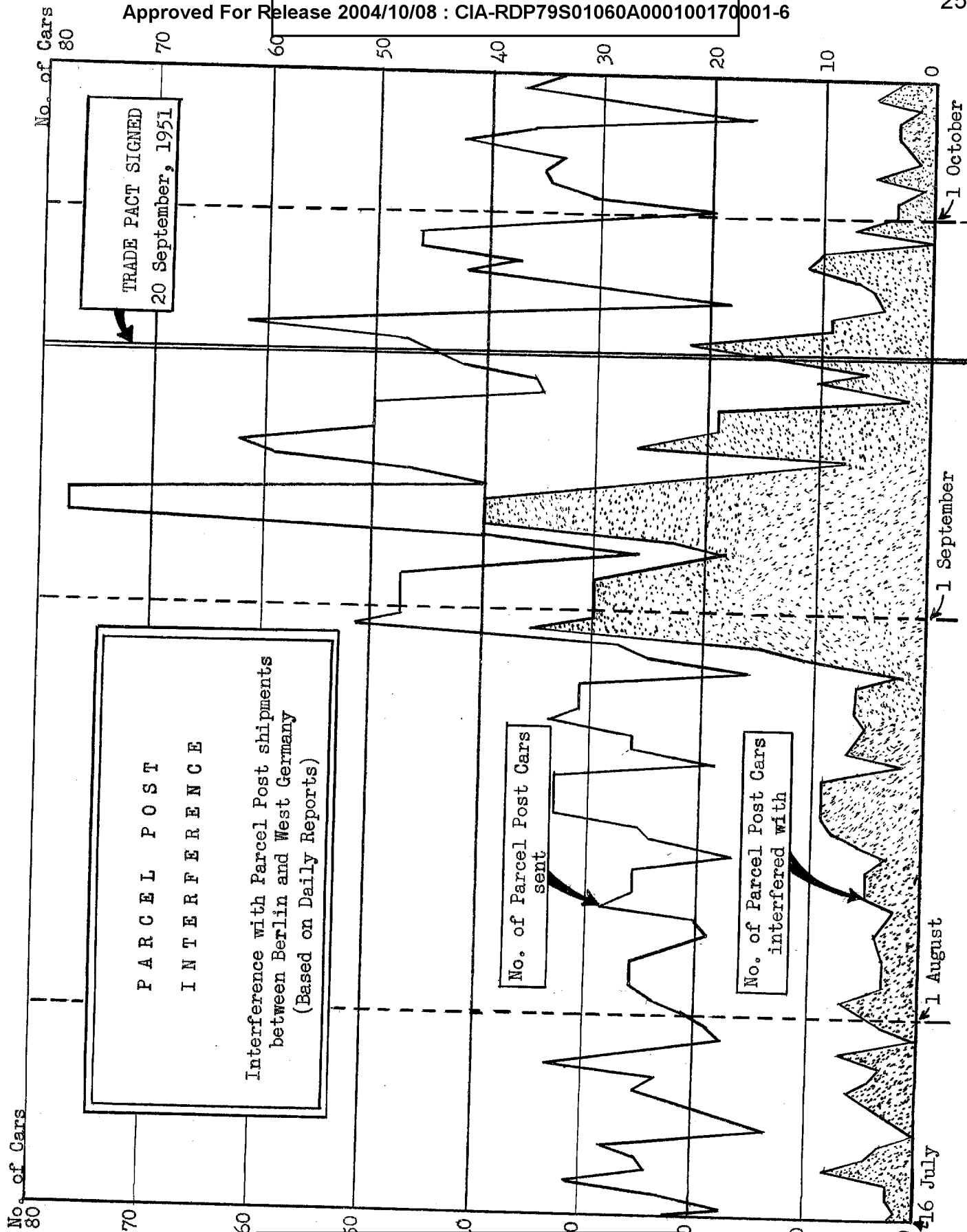
SOVIET HARASSING OF BERLIN TRADE  
(see charts on following pages)

Two of the principal recent Soviet harassing measures against West Berlin have been trade permit obstructions and the interference with parcel post shipments. Despite East German assurances at the time of the signing of the interzonal trade pact, on 20 September, this harassing has continued, although there is evidence (as shown in the graphs) of some softening since the signing of the pact.

The first chart shows the extent to which the USSR has hindered West Berlin exports by rejecting trade permits outright, and by delaying their approval thereby creating a large backlog. The graphs indicate that although Soviet officials have not gone so far as to reject permits since the signing of the pact, they have delayed so many permits that the backlog has more than doubled in the past several weeks. Only in the last few days has the rate of approval increased, which has caused a slight reduction in the backlog.

The second chart indicates the number of railway mail cars interfered with by the USSR, partly as an attempt to prevent West Berlin firms from sending blocked shipments by parcel post for which no trade permits are required. The chart shows that prior to the signing of the pact, Soviet and East German officials turned back a roughly uniform percentage of the cars being moved each day, charging that the cars were improperly loaded or that the packages were too heavy. The steady percentage of turnbacks suggests that they were on the number of cars rather than on so-called violations. The chart shows a slight reduction in the ratio of interferences since the trade pact was signed.





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